

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Date: April 20, 2012

Contact Telephone Number:

LEGEND:

UIL: 4945.04-04

C= grant program
D= number
x = dollar amount
y = dollar amount

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated November 7, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program called C. The purpose of the program is to provide scholarships to students who may have problems obtaining funding for college and normally would not have an opportunity to be considered for a scholarship. Each year you select between four and six schools from an area that is urban or economically challenged. One student from each school is selected to give a presentation on a person or topic of their choice, but should focus on the African-American history of their vicinity. While you will provide these schools with suggestions on methods for selecting their student representative, each school will be responsible for determining their own criteria. You will advertise C on the internet and via press release

Eligible students must be attending high school, and have plans to continue their education after high school. Once selected, students will attend your event and make presentations in front of your panel. Students are given no more than three minutes to make their presentation which can be any form of communication that the student sees fit, i.e. speech, acting, poem, song, rap, etc. Students may use props or technology. Your panel of judges look for a presentation that has followed the theme for the year's presentation, met the time requirements, and was creative in content and overall impression. Upon deliberation of the judges, winners are chosen and awarded scholarships ranging between x and y dollars, for higher education purposes. The amount and number of scholarships granted each year may vary depending on available funds, but you expect to award up to D grants annually.

The chosen winner(s) must successfully graduate from high school, provide a copy of their college/university class schedule, letter of acceptance, and student identification number. Awards are paid directly to the college/university under an arrangement whereby the college/university applies the grant funds only for enrolled students who are in good standing.

One of your representatives and directors from your sponsors randomly select judges for the competition from notable, accomplished, role model community figures; such as well known and respected news casters, sports figures, and business people. None of your officers, director or trustees will be on the judging panel.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed, with a view to providing objectivity and nondiscrimination

in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of section 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosures:
Redacted copy of letter
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